

App. F. IX-4

Previous References

Later References

G. 2 5-28-8

1921-2
G. F.

File No. 1.1.39
Serial Nos. 122

Preserved
1.11.40
Preserved

General and Revenue Secretariat.

Serial

Two

122
E

Part B for Jan. 2 1927.

SUBJECT

Submits the note by Mr. G. S. Natesa Iyer Offg Asst. Comptroller who was deputed for training in the work of Public Debt Office in Madras and Calcutta & States that during the period of his deputation Mr. Natesa Iyer has made very good use of his time & has well acquainted himself with Public Debt work.

Shes. 2

To The Comptroller to Govt

N^o 1527 D 6.9.21

Records the above report

AP
12/2-

Please address all future communications
to the Comptroller to the Govt. of H. H.
the Maharaja of Mysore.
In reply to this Comm. please refer to

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

0557

No. R. 30 *G. I. note*

Dated, Bangalore, the 4th July 1921

GEN & REV. SECY. FROM
5 JUL 1921

L. Bistopanth Badami Esq., B.A.,
M. N. KRISHNA RAO, Esq., B.A.

Offg. Comptroller to the Government of
His Highness the Maharaja of

DIARY NO. 202
1921 - 1922
Section 97
Rule No. 39-21
Serial 1

To

M. N. Krishna Rao, Esq., B.A.

Secretary to the Government of Mysore,

Financial Department.

SIR,

I have the honour to forward herewith the note submitted
by Mr. G.S. Natesa Iyer, Offg. Assistant Comptroller (Now Superin-
tendent), who was deputed for training in the work of Public Debt
Offices in Madras and Calcutta and to state that during the period
of his deputation Mr. Natesa Iyer has made very good use of his
time and has well acquainted himself with Public Debt work.

He has been of great service in dealing with questions per-
taining to rules of procedure in connection with Public Debt work,
and other questions of importance in connection with our State Loan

I have the honour to be,

Sir,

Your most obedient servant,

L. Bistopanth Badami

Offg. Comptroller.

Please put up a draft recording &
stating that the report has been
read with interest by Govt. &
comple to submit his views on
Mr. N's suggestions

G. S. 143-20. 1+2. Sanctioning the rep? is
put up. Subd for perusal

CV/4-7

29/7
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29/7
Draft approved by the Secy

Subd with draft

SR
20.8

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Freey Bayd

Dewan) mes
25.8.21 18/25/01

draft approved
by Dewan
24.8.21

Done
mes
1.9.21 18/11/21

To. The comptroller.

Fl 1527 B 6.9.21.

Records the report and
writes the views of the C. A. on 17.9.21
suggestions.

RECEIVED OFFICE
Recd. on 5.11.21
WD.0322-GPB-3,000-11-12-16
Reg. No. 1527

C. C. 12 Rec. 17

.....Department

191 .

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
Offg. Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....Esq.,

Secretary to the Govt. of Mysore,

Dept.

Dated

Despatched

Received

No.....

Subject matter.

Notes of points studied during my deputation to Madras and Calcutta Public Debt Offices and the Office of the Controller of the Currency.

I was ordered to study the system of work relating to the management of the Public Debt of India in the Public Debt Office of Madras and Calcutta and in the Offices of the Accountant General, Madras and the Controller of the Currency, Calcutta.

2. I left Bangalore on the 22nd January 1921, and attended the Public Debt Office in the Bar of Madras from Monday the 24th January 1921 to Friday the 1st February 1921. Permission to attend the office of the Accountant General, Madras, was refused on the ground that the sanction of the Government of India was necessary in accordance with the instructions conveyed to the Accountant General in No. 7013 dated 5th April 1913 of the Foreign Department of the Government of India. On receipt of revised instructions from the Comptroller I left Madras to Calcutta on 24th February 1921 and attended the office of the Controller of the Currency from Monday the 28th February 1921 to Monday the 7th March 1921, the Public Debt Office, Calcutta, from Tuesday the 8th March '21 to Thursday the 24th March 1921, and again the Office of the Controller of the Currency from Tuesday the 29th March 1921 to Friday the 1st April 1921. Leaving Calcutta on the 3rd April 1921, I reached Bangalore on the morning of the 7th April 1921. Excluding Sundays and holidays and the time taken in travelling the number of working days actually utilised in study was 48 as shown below:-

	No of days.
Madras - Public Debt Office	23
Calcutta - Office of the Controller of Currency	11
Public Debt Office	14
Total.	48

In the Public Debt Office of Madras, I was furnished with a copy of the Manual of procedure and P.D.O. Notes. With the help of this Manual I went through every Register maintained and studied the working of the Public Debt Office. The Manual was printed in 1913 and it has not been brought upto date. ~~The Manual~~. I took notes of further changes that were introduced with a view to bring the Manual upto date.

3. In Bengal the Manual was printed in 1902, but no spare copy was available. I therefore studied ^{first} the actual working by going over all the Registers and then copied out the Manual.

4. In the office of the Controller of the Currency I was given some collections of Government of India Orders bearing on the new system of selling notes over the Bank counters. The procedure for dealing with Lost Notes and the final yearly agreement of loans outstanding between the figures of the Public Debt Office and those furnished by the Accountant General Central Revenues was then shown to me in detail.

5. The work done in the Public Debt Office of Madras, is incomplete, intermediary and elaborate as it has complete information only in respect of Notes on which interest is paid directly by it and as it can issue new Notes only in respect of certain denominations. In Calcutta the system is complete and simpler as it has full information ⁱⁿ respect of all Notes issued by it and by the Public Debt Offices in Madras, Bombay and London and no intermediate registers are required to be maintained.

6. A Manual for adoption in the Mysore Public Debt Office prepared on the model of the Calcutta Public Debt Office Manual is being compiled under

under Comptroller's Orders and will be shortly submitted to Government. This Manual will require suitable alterations according to such modification as may be made in the New Securities Regulations now under the consideration of Government.

2. Points of Law bearing on endorsements. Power of attorney etc., can be compiled later on on the line of the notes compiled in the Public Debt Offices of Madras and Calcutta by reference to the Laws in force in Mysore corresponding to British Indian Act and Rules.

7. The following are some of the important matters which I was able to study from the collections given me in the office of the Controller of ^{the} Currency.

(1) New Agreement with the Imperial Bank of India
~~The Agreement~~. I was allowed to see the agreement but I was not given a copy. Copy of the circular issued by the Controller of the Currency to the several Accountants General and Treasury Officers prescribing the procedure for dealing with the Banks in accordance with the new agreement and for exhibiting the balance with the Banks in the cash balance reports and accounts was given to me.

The details of the agreement are the following:-

PREAMBLE

- (1) Date of commencement of the agreement i.e., ^{27th} ~~29th~~ January 1921.
- (2) The Bank is to do General Banking Business.
- (3) The Bank is to receive all moneys and make payments for the Government.
- (4) The Bank is required to establish ~~banks~~ within 5 years branches in 100 places.
- (5) The Bank is to do all duties in connection with the Public Debt of India.
- (6) No remuneration is payable to the Bank for Banking work in consideration of the Bank ^{has} having allowed the use of the whole balance of Government.

(7) For doing Public Debt Work the Bank will be paid the following commission.

Rupees 2,000/- per crore per annum on the amount of the Public Debt on the books of the Public Debt Office at the close of the half year for which the charge is made. In calculating this charge the following amounts are excluded from the amount of the Public Debt.

(a) The amounts of loans discharged outstanding after one year from the date of a notice of discharge.

(b) The amount of the Currency Investment.

(c) The amount of the Stock Certificates for rupees fifty thousand and upwards held by the Controller of the Currency, Deputy Controller of the Currency, Bombay or the Assistant General, Madras.

The amount of Stock and Notes outstanding on the London Register.

In addition to the above charges the Bank receives a fixed sum of Rs.2,000/- a year on account of Stock Certificate referred to in (c) above.

The Bank is also allowed to charge fees to the Public according to the scale sanctioned by Government for renewal, consolidation or subdivision, for registration of documents, for attestation of signatures ~~and~~ and for search.

7. (A) The Bank is permitted to do Public Debt Work for Local Governments on such conditions as may be agreed upon.

8. The Bank is given the liberty to draw from and pay into the Currency Chests for transfers.

8.(A) Government will not make any transfers But the Bank should afford every facility by making transfers.

9. Government is to maintain a Currency Chest wherever there is a Branch Bank.

9. (A) Government is to supply coins less than Re.1/- as far as possible.

10. Railway receipts in Currency Note of all circles should be received indiscriminately if such notes are certified to be those received (to be those received) in payment of fares and freights.

11. The Bank shall not be at liberty to close their offices except on Sundays, New year's day, Christmas day and if either of two last mentioned days falls on Sunday, the next following Monday, Good Friday and on any other day declared to be a public holiday under the Negotiable Instruments Act.

12. The Bank is responsible for any loss or damage if such loss or damages be due to any proved negligence on the part of the Bank. Otherwise the Government will share half.

13. The Bank is required to open a branch in London.

14. Government may issue instructions to the Bank.

15. Bank should supply information to the Controller of the Currency.

16. The present agreement is to be in force for ten years unless it is terminated by either party by giving sufficient notice to the other party.

8 - New Loan

NEW LOAN.

(1) Preliminary Arrangements.

Early in November or December after the six monthly estimates are received, discussions in regard to any new loan to be raised in the coming year are started and continued between the Financial Department and the Controller of the Currency. The Finance Member the Financial Secretary and the Controller of the Currency discuss the matter personally with each other and jointly and severally consult the Secretary and Treasurer of the Bank at Calcutta. The Secretary's

(2)- Issue of Scrips.

(2) The scrips are issued by the Public Debt Office, Bengal, in the names of the several Banks and Accountants General according to their indents. In the issue register they are entered in the names of the Banks and officers to whom they are issued. In the Ledger of the Public Debt Office the new loan is debited and the officers and Banks to whom the scrips are issued are credited with the value of scrips. As soon as the loan is closed scrips not issued are returned to the Public Debt Office. Such scrips are cancelled by the Public Debt Officer in the issue Register according to the procedure prescribed for cancellations.

(3) Sales over the counter are done in the Banks by a special section of the Banking Department. Before the date prescribed for receiving subscription tables for calculating anticipation interest and for conversion whenever such conversion is allowed, are kept ready. The Public are simply to follow the procedure prescribed for paying money into the Bank and ask for scrips. The required scrips are then endorsed over to the subscriber under the signature of the Deputy Secretary and Treasurer. At the end of each day a list showing the number and value of scrips sold is furnished to the local Public Debt Office. From this list the general check Register, is maintained in the Public Debt Office, *is prepared*

(4) In treasuries applications with money are received from the public who are granted receipts in the form prescribed. The applications received during the day are forwarded at the end of each day with a list to the Accountant-General of the Province. The Accountant General checks the list with the applications and endorses over in the names of the

specific

The work was more than 4 months in arrears. The Secretary and Treasurer of the Bank of Bombay, purchased certain quantity of paper and sold them over the counter to the public. This experiment done at the risk of the Bank of Bombay, was successful and the Government of India adopted the system of selling over the counter in 1918. The question whether the Bank should be asked to first purchase from Government and then sell to the public, the Government undertaking to take back any unsold scrips or to hand over in trust the scrips issued in the names of the Banks on behalf of the Government for sale over the Banks counter was discussed. The latter course was eventually adopted. In this procedure considerable number of promissory notes have to be signed and stamped with the signature stamp of the Controller of the Currency within a short time. As the old procedure of sending the Notes to the Currency Office for being stamped involved much labour and time and did not serve any useful purpose, ^{the} three Public Debt Offices in Calcutta, Madras and Bombay have each been supplied with a separate signature stamping machine and die. The die is kept in the personal custody of the Superintendent, Public Debt Office.

11. AGENCY FOR PUBLIC DEBT WORK.

(1) Upto 1st January 1866 the duties in respect of the Public Debt of India was done and performed in what is known as the Loan Department under the superintendence of the Comptroller General of Accounts.

(2) From the 2nd January 1866 the management and transactions of all business of the registered Public Debt of India were transferred to the Bank of Bengal under the conditions specified in an agreement entered with the Bank on the 14th April 1866.

(3) In the Government Securities to safeguard the interest of Government as the maker of the promissory

the examination of the endorsements on the back of the notes as often as possible is considered essential in order to take timely action in respect of imperfect titles and forged and other irregular endorsements. If such irregularities are not challenged and rectified in time Government will be dragged unnecessarily into Law Courts and may eventually be put to loss. The staff of a bank from the nature of their daily duties are considered to be better trained in Law Merchant and therefore ^{better able} to examine the endorsements satisfactorily than the staff in Government Offices who have not such facilities for this kind of work. It is with this object in view that the management of the Public Debt is entrusted to the Bank, that only three onface-ments twenty half-yearly interest cages and ten endorsement columns are allowed and that the payment of Interest in Presidency Towns are made by the Bank. By this arrangement of paying interest by the Bank in Presidency towns, not only the interests of Government are safeguarded by providing means for the halfyearly examination of a majority of Notes but the popularity of the securities are assured by the facility afforded to the holders for realising the half-yearly interest. The majority of holders being mercantile firms and Banks and constituents of the Bank itself such payments are made by simple Book adjustments and through the clearing house without the necessity of producing any formal voucher as is the case in respect of payments made from Government treasuries.

12. Routine duties of the Public Debt Offices

In India.

(1) Payment of Interest on Government Securities to the holders in Madras, ~~and~~ Bombay and Calcutta.

- (2) Renewal Consolidation, Sub Division, conversion from one loan to another and conversion of promissory notes into stock and vice versa.
- (3) Enfacement of Notes for payment of Interest from any Government Treasury.
- (4) Verification of claims in respect of lost notes.
- (5) Examination of endorsements and maintenance of Power of attorney etc., *Registers* and *various other subsidiary* for the proper discharge of its duties.
- (6) Stock Register of new Notes forms.

In addition to the above, the Calcutta Public Debt Office maintains stock Register of *border* ~~Skeleton~~ forms received from London, account of forms supplied to the Public Debt Offices at Madras, Bombay and London, and audits the payment of interest in Bombay, Madras and Mofussil Treasuries. It ~~is~~ also maintains an account of outstanding balance of all loans issued by Government of India. All doubtful cases and claims on Lost Notes are submitted to the Controller of the Currency for orders who issues final orders in all cases, Consulting the Government solicitor only in cases where he himself entertains any doubt.

13. Suggestions. As we have now raised a big loan in 1920 and there is every prospect of floating new loans for some years to come, very early steps should be taken to form, pending the transfer of the management of the Public Debt to the Bank of Mysore, a Public Debt Office or an independent branch of the Comptroller's Office for Public Debt work on the model of the Public Debt Office, Calcutta. The duties of this office or branch may be

- (1) Payment of Interest on Securities held by persons residing in Bangalore.

The amount of Mysore Government Securities held *who are* holders, residents in Bangalore is nearly 75% of the total issues. The Interest is now paid by the State

Huzur Treasury. The Treasury staff is quite inadequate to attend promptly to the payment of interest. They are not sufficiently trained to examine the endorsements on the pro: notes. To safeguard the interests of Government, the timely examination of the endorsements is very essential. If our securities should be popular, prompt payment of interest to the public according to a definite procedure is very essential. Now that we have a Negotiable Instruments Regulations of our own, it is necessary that we should arrange to pay the interest on the notes on the due dates. This can be secured only if the Comptroller is authorised to pay interest by means of interest warrants to holders of securities residents in Bangalore, as is done in the Public Debt Office of Calcutta, Madras and Bombay. It is under the contemplation of the Government of India to create some more Public Debt Offices for relieving congestion of work in the existing offices.

2. The work of Renewal, Sub-Division, and consolidation of securities. Under the present arrangements for affixing signatures to the promotes there is much avoidable delay and unnecessary work on the Comptroller's Office. Many complaints have already been received as regards delay in renewing promissory notes of the 6½% Loan 1940. Either we should follow the system adopted in British India or we should devise some simpler arrangement so that pro: notes made ready for issue may be signed on the succeeding day.

3. Enfacement for payment of interest from any Treasury. At present all the pro: notes issued bear an enfacement showing the place of payment of interest. But if the Comptroller's Office be permitted to pay interest by interest warrants as suggested above such notes will bear no enfacement like Government of Securities upon which interest is paid in Calcu

4. Claims on lost Notes.

To enable the Comptroller to carry out these duties successfully, the wording of the promissory notes should be changed as pointed in para 9 (7) supra, the maximum No. of Interest cages to be printed on the note should be only twenty, the number of endorsement cages should be only ten or eleven in the case of sales over the counter and the number of enfacements that can be made on a promissory note should be limited to three by a specific statement made in the rules framed under the securities Regulation.

The work in connection with the issue of a new loan can be done by a new section formed for the purpose and carried out by that section under the terms of the Government Notification announcing the issue of the loan.

25th May 1921

E. S. Whelan

File No.

Serial No.

Diary No. of letter replied to _____

GENERAL AND REVENUE
SECRETARIAT.

()

Proceedings of the Government of His Highness
the Maharaja of Mysore

READ— Letter no R. 30 of 4. 7. 21

, the

191 .

Date of issue _____

Signed by _____

from the comptroller forwarding the note
submitted by Mr G. S. Natesa Dyer

offg assistant comptroller ~~(now superintendent)~~
who was deputed for ^{study of Public} ~~training in the~~

ORDER THEREON.—No.

Debt work in the offices of Imperial
work of Public Debt offices in Madras
Bank of India Madras and the
Central Bank and stating that during the
control of Currency Calcutta
period of his deputation Mr. Natesa Dyer
has made very good use of his time

over.

SUBJECT.

has well acquainted himself with
ie Debt work.

order thereon.

No

Dated.

Recorded with the observation that
report has been read with interest
of Govt.

20-11-21

The Comptroller is requested to ^{submit by 1-12} furnish his views on M N Aye's suggestions

18
2-11-21
For H Secy. - 25/10/21
The comptroller.

TFR
21-11-21

Proceedings of the Government of His Highness
the Maharaja of Mysore.

R e a d :-

Letter No.R.30 dated 4th July 1921 from the Comptroller forwarding the note submitted by Mr. G.S.Natesa Iyer, Offg. Assistant Comptroller who was deputed for studying Public - Debt Work in the offices of Imperial Bank of India, Madras and the Controller of Currency, Calcutta.

Order No.

Jl. 1527 / 67 39-21-2
Dated Bangalore the 6th September 1921.

Recorded with the observation that the report has been read with interest by Government.

The Comptroller is requested to submit to Government his views on Mr. Natesa Iyer's suggestions.

To

fair off Financial Secretary to Government.

The Comptroller, Mysore Government.

MRP
MK.2...

Use address all future communications
to the Comptroller to the Govt. of H.H.
the Maharaja of Mysore.
In reply to this Comm. please refer to

No. 2275/224 SL

OFFICE OF THE COMPTROLLER TO THE
GOVERNMENT OF HIS HIGHNESS THE MAHARAJA
OF MYSORE.

Dated, Bangalore, the

28th Nov. 1921.

FROM

T. Satyaraj Chetty Esq., B.A.,
M. N. KRISHNA RAO, Esq., B.A.,

Comptroller to the Government of

DIARY No. 2532

His Highness the Maharaja of Mysore.

To

M. N. Krishna Rao, Esq., B.A.,

Secretary to the Government of Mysore,

Financial Department.

1921 - 22

Section. C7

File No. 39-21

3

SIR,

With reference to your letter No. 2827 dated 23rd instant inviting attention to letter No. 1527 dated 6th September calling for my views on Mr. Natesiar's note on Public Debt Work, I have the honour to state that as the note was received long before the loans of this year were floated, all use possible thereof was made in connection with the loan operations by adopting the procedure followed in British India as detailed therein and the suggestions made to the extent possible compatible with the conditions of our loans and the method of operations conducted without the intervention of a bank unlike what is obtaining in British India. The question will be further considered when the business pertaining to Public Debt is entrusted to the Mysore Bank the payments now made in our treasuries are transferred to the Bank.

I have the honour to be,

Sir,

Your most obedient servant,

T. Satyaraj Chetty
Comptroller.

CV/28-11

C. O. 42-Rec.—17]

.....Department

191 .

FROM

M. N. KRISHNA RAO, ESQ., B.A.,
Comptroller to the Govt. of
H. H. the Maharaja of Mysore.

To

.....Esq.,
Secretary to the Govt. of Mysore,
Dept

Dated

Despatched

Received

No.....

Subject matter.